

# **FISCAL NOTE**

## **SB 2634 - HB 2818**

February 3, 2000

**SUMMARY OF BILL:** Amends TCA 49-3-1202(6) to allow the Tennessee State School Bond Authority to enter into loan agreements under the Qualified Zone Activity Bond Program with the State Board of Education, acting on behalf of any special school (Tennessee Preparatory School, Tennessee School for the Blind, Tennessee School for the Deaf and the Alvin C. York Agricultural Institute). Provides authorization for the State Board of Education, jointly with the State Funding Board, to enter into a loan agreement with the Tennessee State School Bond Authority to finance renovations and equipment through the Qualified Zone Academy Bond Program for the four special schools.

### **ESTIMATED FISCAL IMPACT:**

**Increase State Revenues - \$1,000,000 One-Time / Permissive  
Forgo State Expenditures - Exceeds \$300,000 Over life of debt**

**Increase State Expenditures - \$83,333 2nd and subsequent years /  
Permissive**

Assumes:

- to the extent the State Board of Education requests funds from the state's federal allocation through the QZAB program they will request approximately \$1,000,000 in interest free debt issued by the State School Bond Authority for funding of renovations and equipment for the four special schools.
- the state board of education would repay the principal of the loan in equal installments over a 12 year period.
- the State would save money over normal debt financing because it would owe no interest expense resulting in forgone expenditures over the life of the debt exceeding \$300,000.
- this program cannot be used for new construction.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive style with a large, stylized initial "J".

James A. Davenport, Executive Director